

**IOWA RACING AND GAMING COMMISSION
MINUTES
MARCH 6-7, 2017**

The Iowa Racing and Gaming Commission (IRGC) met on Monday and Tuesday, March 6-7, 2017 at Prairie Meadows Racetrack and Casino, Inc. d/b/a Prairie Meadows Racetrack and Casino in Altoona, Iowa. Commission members present were Richard Arnold, Chair; Kris Kramer, Vice Chair; and members Carl Heinrich and Jeff Lamberti. Commissioner Dolores Mertz was excused.

Chair Arnold called the meeting to order at 4:30 PM on Monday, March 6th, and moved to the approval of the agenda. He noted Item 10(J)2 had been withdrawn. Commissioner Lamberti moved to approve the agenda as amended. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the next agenda item, Executive Session, and requested a motion. Commissioner Lamberti moved to go into Executive Session pursuant to Iowa Code Section 21.5(1)a, d, and g for the purpose of receiving Division of Criminal Investigation background reports on CQ Holding Company, Inc. and Eldorado Resorts, Inc. Commissioner Kramer seconded the motion, which carried unanimously on a roll call vote.

Upon conclusion of the Executive Session, Commissioner Lamberti moved to leave Executive Session. Commissioner Kramer seconded the motion, which carried unanimously. Chair Arnold recessed the meeting until 8:30 AM on Tuesday, March 7th.

Chair Arnold reconvened the meeting at 8:30 AM and advised the agenda had been approved with one revision, the withdrawal of item 10(J)2. He moved to the approval of the minutes and requested a motion. Commissioner Heinrich moved to approve the minutes as submitted. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to announcements and called on Brian Ohorilko, Administrator of IRGC. Mr. Ohorilko provided the following information on upcoming Commission meetings:

- April 13, 2017 – Mid-America Center, Council Bluffs, IA (Submissions due by March 30, 2017)
- May – No Meeting
- June 15, 2017 – Isle of Capri Bettendorf, Bettendorf, IA (Submissions due by June 1, 2017)

Mr. Ohorilko noted license applications for Linn County were due in the Des Moines office on February 13th. The Commission did receive three applications; two from Cedar Rapids Development Group and one from Wild Rose Entertainment. He advised dates related to the licensing process will be announced at the April meeting, as well as meeting dates for the next fiscal year.

Chair Arnold moved to the next agenda item, National Problem Gambling Awareness Month, and called on Eric Preuss, Program Manager for the Iowa Gambling Treatment and Prevention Program. Mr. Preuss stated the goal of National Problem Gambling Awareness Month is to educate the public and healthcare professionals about the warning signs of problem gambling and promote the availability of help and hope. He noted gambling revenue and participation is at an all-time high with 75% of Americans having gambled in the past year, and 15% in the past week. Mr. Preuss advised between 8 and 12 million people meet the criteria for a gambling disorder, but less than 1% seek help because they don't know what a gambling disorder is or where to seek help. He noted gambling modifies how the brain works and is similar to how other drugs affect the brain. Groups with the highest risk of developing gambling problems are seniors, adolescents, college students, athletes and veterans. A gambling disorder is defined as a persistent and recurrent problematic gambling behavior that leads to significant problems. The Iowa Gambling Treatment Program was established in 1986 to provide treatment for problem gamblers, concerned persons and family, outpatient counseling, recovery support services, and prevention and education services. The program funds 11 gambling treatment programs covering all 99 counties with over 600 individuals receiving help each year. Mr. Preuss stated treatment does work; approximately 92% of Iowans that have completed treatment within the program network report a reduction in the number of symptoms they are experiencing at the time of discharge compared to admission. He advised that only 45% of adult Iowans are aware that help for gambling disorders is available and funded by the Department of Public Health. Mr. Preuss stated the 1-800-Bets Off line received 5,722 calls in 2016, or about 125-150 calls per month from Iowans. Many calls are also received from out-of-state individuals. The phone line is the number one referral source for the treatment network. He noted the majority of individuals seeking help last year started gambling before the age of 21. Their budget for FY2017 is approximately \$2.65 million. Mr. Preuss concluded his presentation by providing several links to various resources to seek help with a gambling disorder.

Chair Arnold thanked Mr. Preuss for his comments and the services provided by the program. He called on the Iowa Gaming Association. Wes Ehrecke, President, stated the association embraces National Problem Gambling Awareness Month and Week, and noted the casinos include the 1-800 Bets Off number in their advertising to heighten the awareness of the program. He stated most would have a table set up to provide an opportunity for interaction with staff and provide awareness of the program to the patrons.

Mr. Ehrecke distributed copies of the 2015-2016 County Endowment Fund's annual report "Building Iowa's Communities through Philanthropy" that shows the funds that have gone to non-casino counties. The funds are distributed to the counties by the Iowa Economic Development Authority and Iowa Council of Foundations. Twenty-five percent of the funds received are required to remain in a permanent endowment. The county foundations distributed funds to 2,139 grants for a total of approximately \$8.4 million. Combined with grants distributed in the casino counties, that amount is about \$80 million.

Chair Arnold moved to the Gaming Market Analysis presentations. He noted six companies responded to the Commission's Request for Proposal. He advised the order was determined prior to the meeting. He called on Marquette Advisors. Lou Frillman and Brent Wittenberg,

President and Vice President respectively, were present. Mr. Wittenberg stated the firm feels their level of expertise is high, and believes they are uniquely qualified to conduct this analysis. The firm has been in business for 30 years, has experience in both tribal and commercial markets nationally. The company is based in Minneapolis, giving them a strong understanding of Iowa, the economy and gaming market. Mr. Wittenberg advised they have experience in all types of markets – diversification, geographically, and at all points in the cycle ranging from emerging markets to more mature markets, low profile, and more competition for a limited market share. Staff wise, he indicated he and Mr. Frillman would be doing the work. Mr. Wittenberg stated they have direct experience in the State of Iowa, previously completing two market analyses on behalf of the Iowa Racing & Gaming Commission – one in 2008-2009 and 2014. He stated the Commission is familiar with their approach of providing a very thorough analysis and high quality work product with accurate results.

Mr. Wittenberg stated in 2009 they were reviewing two different opportunities; one relating to Grand Falls Casino in Larchwood. At that time, they forecast revenue of \$60 million and they achieved \$58.3 million in 2013. In 2014, they looked at opportunities in Linn County and Greene County. They forecast the facility in Greene County to do \$28 million in 2016; they did \$28.5 million. He stated their understanding of the current engagement from a review of the RFP documents calls for a comprehensive review of historic and current performance of all facilities, meeting with marketing managers and general managers of each facility in order to understand their customers, all the underlying demand factors, demographics, economy, individual communities, and to the extent possible, understanding who the customers are. Mr. Wittenberg stated they have received good cooperation from the operators in the past in providing requested information. He stated they would need to develop a thorough understanding of the gaming participation rate and how it is changing in Iowa, the frequency of visits and where people are demonstrating a preference to gamble – how far they are willing to travel and why they choose one facility over another. The end product will include a comprehensive forecast of gaming revenue both state-wide and a per facility basis, with an additional focus on specific proposals that were referenced in Linn County and the unique qualities of those proposals individually. The report will show revenue forecasts for the various proposals and what the potential impact might be on other operators throughout the state and what level of cannibalization might occur.

Mr. Wittenberg stated that while there is a lot of math that goes into the process, it is not just about the math model; it is about bringing a high level of expertise and hard work to the analysis, interfacing with the operators, extensive field work, and in the end, providing the best advice on behalf of the Commission.

Commissioner Lamberti noted the Commission is familiar with their work from previous engagements. He asked if their methods or ways of conducting their studies has changed over time, or has it been a consistent approach. Mr. Frillman stated their approach has been consistent. He stated they are practical people, and a lot of the work looks scientific in the sense there is a lot of models and math involved. It is their belief that you have to be practical in analyzing the information. Mr. Frillman stated their methodology has proven to be sustainable and accurate over time.

Hearing no further comments or questions for Marquette Advisors, Chair Arnold called on Union Gaming. Michael Green, Vice President of the Analytics Department, stated Union Gaming is a boutique investment bank and advisory firm focused exclusively on the global gaming industry. There is a private side and public side of the business; the public side provides equity research and trading; and on the private side they offer their advisory business and analytic services. He advised most of the senior management team has not only served as consultants to the gaming industry, but have also worked on the operator/supplier side. Mr. Greene stated they have four offices: Las Vegas, New York, Hong Kong and Macau, which they feel are important to their analyses and being able to understand the gaming markets. He advised that throughout any analytics project, they like to leverage the experience across all of the offices and management team. He stated the analytics team is very knowledgeable and experienced; none of the work is outsourced to third parties. He stated they are able to get smarter with each project they do, and build up a routine with the in-house knowledge. Mr. Greene stated they are learning and adapting with each market study they do; trying to understand any changes in the market and why it is occurring. With their complimentary line of business, they are able to bounce ideas off each other and understand what is going on in the market. He stated the firm prides itself on its attentiveness to the client's needs; they operate like a casino and are never closed; they are accessible at any time. Mr. Greene stated they are not afraid to tell a client no if they don't feel a project is a good idea, or to downsize a project. They break their analytic platform down into three segments: market studies; development services and legislative support, and have different ways of viewing the market in each instance. He indicated senior management would be performing the work. Mr. Greene reviewed their experience in providing a report to the Commission in 2013-2014. A look at the numbers since the issuance of that report shows that gaming revenue has seen a modest growth, and feels their analysis from that time frame has been proven to be correct. Since that time, Mr. Greene stated Union Analytics has done about 100 mandates in 21 states and 20 international markets. He stated their gravity model is an industry standard they would be using, but they also have a proprietary gravity model they use when analyzing certain markets. He indicated they would also be visiting the casinos to better understand player dynamics and behavior.

Mr. Greene concluded his remarks by highlighting Union Gaming's knowledge, expertise, their unique approach, Iowa relationships, and the continuity of the analytics team, attentiveness to client needs, and their extensive client base.

Hearing no comments or questions for Union Gaming, Chair Arnold called on Annex Analytics. Peggy Stover, President, introduced Jim Thebeau, the Chief Operating Officer for Annex. Ms. Stover stated she is a Fortune 500 veteran; has worked in a variety of fields and on an extensive number of projects for various companies including Kellogg's, Kraft, Coors Brewing and SCE Johnson Wax. She advised she is the Director of the Marketing Institute of the University of Iowa. Her background is in finance, marketing, and innovation. Ms. Stover stated Mr. Thebeau was a partner and Chairman of the Board for Amperage Marketing, and CEO of Henry Russell Marketing. He is also a Fortune 500 veteran, having worked with CBS Television and Rockwell International. His background is in journalism.

Ms. Stover stated the firm helps small to mid-sized businesses uncover and tap into data they may be collecting but are unsure how to apply it. They have found that many organizations sit on a significant amount of data that goes unanalyzed. She stated the company analyzes the data, plugs in the key findings and makes recommendations to the organization. Ms. Stover indicated the company is a female and minority-owned company founded in May 2016, is Iowa-based, and is located in downtown Cedar Rapids. She stated their collective experience includes over 50 years of experience in marketing, market research, consumer insights, data analysis, competitive intelligence, sales, new product development, media and communications. Ms. Stover advised their broad background had enabled them to take a very good and close look at the different industries they have serviced from a variety of perspectives.

Ms. Stover stated their experience is what makes them unique. Both are Fortune 500 veterans, have worked with a wide array of industries; everything from consumer packaged goods, tourism, travel, communications, government, higher education, non-profits, for-profits and everything in between. She indicated they have a unique marketing background; they are marketers who do data analysis, or analytics. She indicated that is a rare combination of skills. She stated they look beyond the obvious for numbers and answers; they don't take the path of least resistance to find what the data is telling their clients. Ms. Stover stated they have written numerous industry-wide papers for a wide variety of clients. She stated that over the course of their combined experience, they estimate they have worked over 500 marketing projects for various clients.

Ms. Stover stated the Marketing Institute at the University of Iowa has done some tremendous work for local Iowa towns, including rebranding, increasing tourism for the city of Washington, providing sustainability programs and initiatives for Sioux City, and are in the process of rebranding Maquoketa, and have done healthcare management projects, and market feasibility studies. She stated their wide range of experience gives them a wide array of different lenses to look at different problems to come up with solutions for their clients.

Ms. Stover stated data is what their company is all about. They also layer the data, numbers and information they collect with common sense; what are people doing. They look at what the data is telling them and what the data can predict. She advised they have the expertise to analyze the data and turn it into actionable insights. Their process includes identifying the challenge or opportunity; use the data to start answering the questions, layer on information from other sources, find the key insights and facts, and then provide an unbiased actionable recommendation.

Ms. Stover stated their data is kept under lock and key; they always use encrypted software, and never use unsecure Internet sites, even when traveling. The insights and reports are always presented in person; they don't like doing anything by e-mail. She stated they do not collect, nor use personal identifier data in order to protect their clients. All data is returned to the client unless otherwise stated.

Commissioner Lamberti noted the proposal indicated the bid was good for 30 days, but noted the Commission will not be making a decision until April 13th, and don't anticipate that a contract

would be issued until around April 19th. He stated the Commission wanted to confirm that the bid would be good through that date. Ms. Stover answered in the affirmative.

Commissioner Lamberti noted the company was located in the Cedar Rapids area; and the Commission has received three applications for a casino in that area. He asked if she had business relationships with any of the individuals involved in the applications. Ms. Stover indicated they did not.

Chair Arnold called on White Sand Gaming. Sal Scheri, President and CEO, introduced Jim Nickerson, Vice President. He advised they started White Sand Gaming in 2001, but have been involved in the industry since 1983. He stated the company maintains offices in Atlantic City, London and Macau; their headquarters are in Las Vegas. Ms. Scheri stated the firm provides consulting services to a wide array of clients; some on the regulatory side, the operator side and a little on the development side. He noted that consulting firms provide a wide variety of services and stated White Sand Gaming provides those services as well. He stated a lot of their work is used to obtain financing for casino and hotel projects. Mr. Scheri noted the company has amassed a wide variety of clients from gaming, regulator/lotteries, and hospitality over the years. He indicated this gives them an understanding of both the operational and consulting side.

Mr. Scheri turned the floor over to Mr. Nickerson to discuss some recent projects for the Maine State Legislature, New Hampshire Gaming and Regulatory Authority, and the New Mexico Gaming Control Board. New Hampshire was attempting to determine if casinos would be successful in the state with the expansion of gambling in Massachusetts. New Mexico had one more license to award and was trying to determine where it should be located and what it should look like. They have also done work for Southern Gaming Resorts, Somerset, MA, and Wilmington, DE, and Marriott Hotels for a proposed casino-hotel project in Las Vegas.

Mr. Scheri stated the team members at White Sand Gaming have a unique set of skills and experience. He advised all team members at one point in time have worked for a casino resort or hotel somewhere in the United States and understands how casinos do business, make their money, market, cut costs, and drive top line revenues while creating profits for the stakeholders. He stated they also have experience with the Big Four accounting and consulting firms. Mr. Scheri stated the experience at those firms is very specific due to the regulations governing them. The numbers have to be tight, and a significant amount of time is spent learning the methodology. He indicated it is an excellent training ground to insure the quality and level of your work is commensurate with the clients that you are working with. Mr. Scheri stated that during his time with KPMG and Deloitte, they did extensive work for Fortune 50 companies. He noted that during the early 1990's when he was at Deloitte, the firm did a lot of work for the first racetrack casino in the United States – Prairie Meadows Racetrack and Casino.

Mr. Scheri moved to White Sand's methodology they bring to the table from their experience at the various accounting firms, noting they have very formal methodologies. He noted they are very stringent and are not very adaptable. He stated White Sand has adapted those methodologies into their own proprietary methodology that is more nimble, shorter and quicker to provide results, but does not generate additional fees. Mr. Scheri stated when their

methodology is combined with their real world experience in the gaming industry, they have been able to create a methodology that is realistic and provides excellent results in a timely manner.

Mr. Nickerson stated they will first determine the competitive spend by finding a similar market with similar demographics and characteristics to be used for comparison purposes. They will also look at various user demands, how the proposed properties will impact the competitor set and use the gravity model to look at the variables that come into play and also calculate the cannibalization from the existing set. He stated they have the ability to determine the win per unit per day to determine the market expectation and the effect on the surrounding market.

Mr. Scheri provided the following reasons for the Commission to consider White Sand Gaming: treat each engagement as unique and develop original data for each project; their financial projections and impact analysis have a demonstrated accuracy in excess of 95%; combination of experience from the Big Four accounting firms as well as direct gaming and hospitality experience; and extensive knowledge of the Midwest and Iowa gaming market, as well as future trends in gaming, hospitality and entertainment. He indicated they are held to a high standard and strict methodology in their approach in doing this type of work, but their approach continuously evolves just as the industry continues to evolve. Mr. Scheri stated they also consider Internet and social gaming in their approach and how it is impacting current operations and the future. He advised numerous casinos in Delaware make more money from social gaming than they do with internet gaming. In jurisdictions where Internet gaming is not allowed, social gaming is an important part of their operation; it is how they drive initial visitors to their casino.

Hearing no comments or questions for Mr. Scheri, Chair Arnold called on Spectrum Gaming. Michael Pollock, Managing Director and Co-CEO, advised he is a former regulator and has been focused on the gaming industry for just under 40 years. He introduced Dr. Scott Fisher, noting he has been involved in analyzing the gaming industry for 20 years.

Mr. Pollock stated the firm was founded in 1993, and has performed work for 36 states, 47 countries and six continents, and 16 government entities, including the Commission. He stated they are also the Executive Director for the National Council of Legislators from Gaming States. Mr. Pollock stated the organization is neither pro nor anti-gaming, but does disseminate the best practices in gaming. He stated the firm has worked in a number of jurisdictions where they went from zero to establishing a regulatory system and a casino industry from scratch, specifically in Ohio, Singapore and Massachusetts. He noted competing newspapers in one jurisdiction had good words to say about their work; they made a powerful case, issued an important warning, and performed an independent analysis. Mr. Pollock advised much of their work in the public domain is available on their website. He stated there are a number of factors that make their work stand out, and one in particular is the human element. They make a strong effort to reach out to as many stakeholders on site as possible without regard to their viewpoint; and while the individual may not like the final product, they can see that their voice has been heard. Mr. Pollock stated they are in constant communication with the client throughout the process.

Mr. Pollock turned the floor over to Mr. Fisher, who provided an overview of how Spectrum would proceed with this project should they be selected. He stated the two main tasks to be handled are the identification of underserved/underperforming markets, and analyzing the Linn County opportunity cost benefits. In order to determine if there are any underperforming markets, they will conduct a state-wide analysis, which is originally completed from a blind perspective. The results will be extended to a gravity model by plugging in the existing casinos to determine what markets are being underserved or underperforming. Reconciliation of the two reports can be achieved by several different methodologies: one would be a simple straight quantitative analysis by looking at visitations versus dollars. They will also visit each casino to talk to the general managers, marketing personnel and touring the facilities to understand what causes individuals to visit the facility. They will discuss the radius from which the facility draws visitors and why; collect data from the facility to determine frequency of visitation. This will help to determine whether there is an opportunity to expand some of the markets, whether visitation and revenue is left on the table, and what the total opportunity is for the state going forward in terms of visitation and revenues.

Mr. Fisher stated the second task is to understand the opportunity in Linn County. The firm would review each of the applications; determine where the patrons would be coming from, and whether they would be coming from other casinos already in the market, new patrons, visitors to the state, etc. They would also determine what impact a facility in Linn County would have on each of the casinos in the market. Mr. Fisher indicated a sensitivity analysis would be done in the event the applicants decided to build a larger facility than originally planned and what that would mean from a gravity model perspective. The business plans would also be reviewed to determine what opportunities are available for tourism and business development in the market; are the plans reasonable, and the numbers credible.

Mr. Pollock stated team members come from a government background; and make sure all of their reports can be trusted, and clients can trust them to always do their best work.

Hearing no comments or questions for Spectrum Gaming, Chair Arnold called on Strategic Economic Group. Mike Lipsman stated the company is a small group specializing primarily in Iowa and Midwest studies. Their team consists of four people that would be working on the project should they be selected. He noted the firm was formed in 2001 as a separate business, but each individual has extensive experience working in economic analysis, planning, and public policy. Mr. Lipsman highlighted the qualifications of the team members. He reviewed the various projects the company has performed related to gaming in Iowa. He noted that while the firm is small, they have the ability to handle large projects.

Mr. Lipsman stated they broke their proposal down into three major sections with 15 subsections. The main tasks would include an analysis of the national/regional and border states, and then state-wide. Secondly, they would look at each casino to determine if there are opportunities for additional expansion in those markets, and then analyze the Linn County casino proposals. He advised they would analyze both gaming and non-gaming activities; talk with the casino managers, local government officials and businesses; and analyze changes in the Iowa gaming industry. For the market analysis, Mr. Lipsman indicated they would utilize zip code

data to determine market attraction from each zip code; correlate zip code demographic and economic characteristics with casino patronage rates; and utilize various data to develop the gravity model. The gravity model and analysis of historical patronage data would be used to estimate the impact of a potential new Linn County casino. The report would also include estimates on the gross and net Linn County casino gaming revenue impact, estimates on the impact on state and local tax revenue, and an economic analysis.

Following a short break, Chair Arnold called on Eldorado Resorts, Inc. (Eldorado). Doug Gross, legal counsel, requested approval of a stock purchase agreement and shelf debt financing to finance the purchase of the Isle of Capri (Isle) facilities in Waterloo and Bettendorf. He introduced Anthony Carano, the Executive Vice President of Operations for Eldorado.

Mr. Carano provided a brief history of the company, noting it was founded in 1973 by his grandfather and a business partner. Eldorado has always been, and remains, a family-run business. He reviewed the expansion history of the company, culminating with the agreement to acquire Isle of Capri Casinos. Mr. Carano advised the transaction to date has gone well. He provided brief highlights of Eldorado's various properties located in Reno, Nevada; Columbus, Ohio; Shreveport, Louisiana; Erie, Pennsylvania; and West Virginia. He stated the company is proud of its food and beverage area as everything is done in house; they have an in-house butchery; bakery; and make all the pasta in house. Some of the properties have micro-breweries.

Regarding the transaction with Isle, Eldorado will be paying \$23.00 per share. Shareholders have the option of electing shares or stock, which is subject to a 58% cash and 42% stock proration procedure. Eldorado shareholders will own approximately 62% and Isle shareholders will own approximately 38% of the combined entity. The total purchase price is \$1.7 billion. Mr. Carano advised they have announced a \$35 million synergy number, with most or all occurring at the corporate level. He stated they have great general managers throughout the Isle assets and don't plan on making any changes to the general managers and team members at the Iowa properties.

With regard to financing, Mr. Carano indicated they are on the road to secure the financing. They are seeking a new 5-year, \$300 million revolving credit facility, a new \$1.45 billion 7-year term loan and new 8-year senior notes in the amount of \$375 million. It is anticipated the financing will close by the end of the following week and be in place by the time approvals are received from all of the regulatory jurisdictions. Mr. Carano stated Eldorado will manage the new company, but will add two new directors as agreed upon by Isle and Eldorado, who are current members of the Isle board. Regarding the approval process, he stated Eldorado and Isle shareholders approved the merger on January 25th; they have received approvals from three or four jurisdictions already, hope to get Iowa's today, Nevada the following week, leaving three more which they hope to get in the next month. The transaction will close as soon as the last regulatory approval is received, hopefully in the second quarter.

After the closing of the transaction, Eldorado will be a \$3 billion regional gaming company with 20 properties in ten states. The transaction will double Eldorado's net revenue and EBITDA. They will operate in excess of 20,800 slot machines and VLTs, approximately 560 table games and over 6,500 hotel rooms. Mr. Carano stated the net leverage at closing is expected to be about

five times, with the ability to pay it down rapidly with cash flow. He advised that both Standard & Poor and Moody upgraded the company's debt rating. The balance of the presentation was a quick overview of the ownership, a pro forma structure of Eldorado post-closing and a corporate organization chart. Mr. Carano thanked the Commission and advised they are excited about coming into Iowa. He advised that Eldorado's company culture is to re-invest in their properties; they don't get behind in their capital maintenance.

Hearing no comments or questions for Mr. Carano, Chair Arnold requested a motion. Commissioner Lamberti advised the Commission received a significant amount of background information from the DCI, and stated the Commission feels comfortable with the transaction. He noted that shareholders from both organizations overwhelmingly approved the transaction. Commissioner Lamberti moved to approve the stock purchase of IOC Black Hawk County, Inc. and Isle of Capri Bettendorf, L.C. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the approval of the shelf application for approval of debt financing. Commissioner Lamberti moved to approve the shelf application for the debt financing. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on CQ Holding Company, Inc. Jeff Watson, President, stated they were before the Commission to seek approval of their stock purchase agreement and their debt refinancing. He advised the company operates the Casino Queen in East St. Louis, Illinois, just across from the Gateway Arch, and are the only 100% employee-owned gaming company in the country by virtue of their ESOP. They currently have 605 employees. Mr. Watson stated they are very excited to begin working with the team at Lady Luck Marquette, and have made several trips to the facility already. He stated they would be retaining all of the property leadership. Mr. Watson indicated the property was attractive to them due to the great work the current team does; they are here to support the current management team. He advised they fit in with Casino Queen's operating philosophies.

Mr. Watson stated the debt package before the Commission is in conjunction with the stock purchase agreement. The debt package will refinance their existing debt and provide the financing for the acquisition of the Marquette property. The debt package consists of a \$50 million term loan with a \$5 million revolver. There is an unsecured piece of the financing for up to \$13 million, for a total debt package for the refinancing and acquisition of approximately \$67 million.

Mr. Watson reiterated there would be no changes in the Marquette management team, or at the corporate level. He indicated the company is intent on supporting both of the operations once the transaction is closed. This is the last regulatory approval needed, and they expect the transaction, subject to the Commission's decision today, to close around March 13th.

Chair Arnold called for any questions. Commissioner Lamberti noted the DCI was very thorough in their report. He concurred that the ESOP is very unique in the gaming industry and required a little more examination than some other transaction. He stated the Commission is

comfortable with what they learned from the report. Commissioner Lamberti moved to approve the stock purchase of Isle of Capri Marquette, Inc. by CQ Holding Company, Inc. conditioned upon staff receipt of copies of any agreements, recommendations, or correspondence with the Department of Labor. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold moved to the request for approval of debt financing pursuant to IAC 491-5.4(8). Commissioner Lamberti moved to approve the request for debt financing pursuant to Iowa Administrative Code 491-5.4(8). Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the Excursion Gambling Boat and Gambling Structure License Renewals and called on Iowa West Racing Association (IWRA) and Ameristar Casino Council Bluffs, LLC (Ameristar). Monty Terhune, General Manager, requested approval of the relicensing of the facility. He advised 2016 was a successful year with gross gaming revenue of \$170 million, which was higher than the previous year, and represents their highest market share in the last ten years. He stated total payroll and benefits are in excess of \$26 million, which is higher than previous years and reflects an initiative rolled out in July insuring that all team members make a minimum of \$10.15 per hour. This represents a 4.5 – 5% increase in wages and helped to increase total payroll and benefits per FTE by over \$1,200 to \$40,700 in 2016. Mr. Terhune stated in addition to reinvesting in the team members, Ameristar reinvested over \$6.1 million in the facility including renovations to Riva's Steak and Seafood and Club 38. Over \$14 million in renovations is planned for 2017, including the boat renovations currently underway and hotel room renovations in the second half of the year. Mr. Terhune advised Ameristar finished 2016 with over 94% in Iowa spend, and are working with IWRA to extend their operating agreement, which is currently set to expire in March 2018. He stated Ameristar values the relationship and appreciates the leadership provided by Pete Tulipana during his tenure as president and CEO.

Mr. Tulipana advised IWRA and Ameristar have a tremendous partnership. He noted that in 2016, IWRA passed the \$400 million mark in terms of philanthropy distributed throughout southwest Iowa over 20 years. He stated most grants require a 50% match, so that would equal \$800 million invested as a result of the Iowa West Foundation in the last 20 years. He noted the Iowa West Field House was opened last year in the Mid-America Center. This was the result of a county-wide recreation study. The field house has 8 basketball courts that can be converted to 10 volleyball courts. The location was chosen to try and serve as a stimulus to encourage additional economic development in the area, and it appears it will do so. He stated thousands of kids and families are there every weekend, and they are seeing significant numbers during the week as well. Mr. Tulipana advised the second project is "Pottawattamie Promise", which allows poverty-level students from southwest Iowa, to enroll with full scholarships to Iowa Western Community College, including books, tuition, room and board, etc. The scholarships allow those individuals to achieve a two-year degree, helping to prepare them for jobs. Mr. Tulipana stated these projects would not have happened without their partnership with the casinos. He requested approval of the license renewal for Ameristar.

Commissioner Lamberti noted the Operating Agreement between Ameristar and IWRA expires about a year from now, and expressed his hope the parties were working on the matter. Mr.

Tulipana advised the parties had just had a discussion, and they are prepared to extend their agreement with Ameristar.

Hearing no further comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to Iowa West Racing Association, renew the license to operate Ameristar Casino Council Bluffs, LLC as an excursion boat that will not cruise and approve the facility's revised security plan included in the license application. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on IWRA and Harveys Iowa Management Company, Inc. d/b/a Harrah's Council Bluffs Casino and Hotel. Janae Sternberg, Director of Finance, requested renewal of their license for 2017. She stated they are excited about the upcoming year as Caesar's looks to come out of bankruptcy; and indicated the Commission could see a significant investment at both of the Council Bluffs properties. She noted Harrah's has been in operation for 20 years. Ms. Sternberg stated the partnership between Harrah's and IWRA is fantastic; they are fortunate to have a forward-looking group to work with whether it is from the standpoint of family, education, or economic.

Mr. Tulipana stated IWRA has an exceptional relationship with management at Harrah's. He indicated they meet on a quarterly basis, and that IWRA Board members are gratified to have open conversations about the gaming business and how the casinos are operating. He stated IWRA has just invested, in partnership with the city, \$6 million for a landing park after crossing the pedestrian bridge from Omaha into Council Bluffs. Behind that is a new development that is going to have an office building, townhomes and apartments, and possibly condominiums. They eventually hope to have additional development both north and south along the riverfront adjacent to Harrah's. Mr. Tulipana requested approval of Harrah's license renewal.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to Iowa West Racing Association and renew the license to operate Harvey's Iowa Management Company, Inc. d/b/a Harrah's Council Bluffs Casino and Hotel as a gambling structure. Commissioner Kramer seconded the motion, which carried unanimously.

Commissioner Heinrich stated he had heard there was a possibility the IWRA offices could be moving down to the riverfront development. Mr. Tulipana indicated that was correct.

Chair Arnold called on Black Hawk County Gaming Association (BHCGA) and IOC Black Hawk County, Inc. d/b/a Isle Casino Hotel Waterloo (IOCW). Todd Connelly, General Manager, requested approval of the facility's license renewal application. He stated the property has an excellent relationship with BHCGA. He turned the floor over to Tim Hurley, President of BHCGA.

Mr. Hurley concurred with Mr. Connelly's statement regarding the relationship between BHCGA and the facility. He stated Isle of Capri has lived up to all of their commitments and have been an asset to the community, not just in the revenues the city receives for distribution,

but also as community partners. Mr. Hurley advised they have started to develop a similar relationship with Eldorado Resorts. He stated over the last 12 months, BHCGA has distributed over \$4.9 million to 41 projects located in 20 different communities in Black Hawk County and the surrounding counties. Some of the larger commitments are: \$1 million to Hawkeye Community College Adult Learning Center; \$400,000 to the House of Hope; and in excess of \$87,000 to Goodwill Industries. Mr. Hurley advised BHCGA invests in quality of life projects that benefit the entire Cedar Valley region and have provided numerous funds from the organization to support and enrich parks, recreation, and sports-related projects across the Cedar Valley, as well as public safety grants. He noted BHCGA will be celebrating 10 years of granting awards in June totaling over \$38 million to 409 different projects. The awards are usually one-third of the project cost so BHCGA's funds have leveraged another \$76 million for an approximate total of \$114 million in new facilities, programs, equipment and services. Mr. Hurley stated 25% of the revenues BHCGA receives are directed to the Waterloo Development Corporation for renovating downtown Waterloo. He requested approval of the license renewal application.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to renew the license to conduct gambling games to Black Hawk County Gaming Association, renew the license to operate IOC Black Hawk County, Inc. d/b/a Isle Casino Hotel Waterloo as a gambling structure, and approve the facility's revised security plan included in the application. Commissioner Kramer seconded the motion, which carried unanimously.

Mr. Connelly presented a contract with Martin Bros. Distributing Co., Inc. as a food vendor.

Hearing no comments or questions concerning the contract, Chair Arnold requested a motion. Commissioner Heinrich moved to approve the contract as submitted by IOCW. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Worth County Development Authority (WCDA) and Diamond Jo Worth, LLC d/b/a Diamond Jo Worth (DJW). Kim Pang, General Manager, introduced Ken Abrams and Deb Hanson, President and Chief Financial Officer respectively, of WCDA. Ms. Hanson thanked Mr. Pang and the DJW staff for all they do to help north Iowa. She advised the majority of their funds still go to scholarships for all graduating seniors and other educational needs. Ms. Hanson noted Kum & Go will be opening in April and will employ 50 people. She requested approval of their license renewal application.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to Worth County Development Authority, renew the license to operate Diamond Jo Worth, LLC d/b/a Diamond Jo Worth as a gambling structure, and approve the facility's revised security plan included in the application. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Washington County Riverboat Foundation, Inc. (WCRF) and Riverside Casino & Golf Resort, LLC (RCGR). Dan Franz, General Manager, advised the facility has a

great relationship with WCRF; they have done marvelous work in distributing the funds throughout the local communities. He introduced Dave Michell, the new president of WCRF.

Mr. Michell stated 2016 was a great year for WCRF; they paid out approximately \$3.2 million in grants to dozens of projects. He advised \$225,000 went to five different trail projects in three counties; \$400,000 toward a \$4 million community recreation center in Kalona; \$2.5 million toward a \$7 million auditorium addition at the Washington High School; the Halcyon House, a Wesley Life home located in Washington, received \$750,000 toward an \$11 million dementia center; and \$100,000 to the University of Iowa Children's Hospital. Mr. Michell noted that since inception, WCRF has granted approximately \$39 million to over 1,000 projects in different counties. He stated WCRF has implemented all of the changes requested by the Commission in 2015 in order to meet good governance procedures. Mr. Michell stated WCRF has an excellent relationship with RCGR and requested renewal of the gaming license.

Mr. Franz acknowledged Jim Logan, Executive Director of WCRF since inception, and noted he does a lot of the hands on work. He stated that as of December 31, 2016, RCGR's economic impact since opening in 2006 has totaled \$711 million, including \$233 million in taxes and fees; \$190 million in payroll and related expenses, and \$241 million in equipment, supplies and services and \$47 million in charitable contributions. He advised that in 2016, 98% of non-gaming, non-specialized purchases were from Iowa vendors. The number of employees remains around 700 during the winter months and increases to approximately 750 during the summer. Riverside is the largest employer in Washington County. Mr. Franz stated 2016 marked the fifth year of their employee volunteer program, Lending Hands, which exceeded 10,000 hours of volunteer hours and was recognized as the Large Employer Group Winner for the state's Give Back Iowa Challenge. He stated RCGR appreciates the privilege and opportunity granted by the Commission and the State of Iowa to operate the destination gaming resort, and takes the responsibility seriously. Mr. Franz stated the property is undergoing a multi-million dollar renovation focusing on the casino floor, show lounge, and restaurants, but will include updates throughout the property. It is his intent to have design construction for the Commission's review and approval at the April meeting. He requested approval of the gaming license for the period of April 1, 2017 through March 31, 2018.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to Washington County Riverboat Foundation, Inc., renew the license to operate Riverside Casino & Golf Resort, LLC as a gambling structure and approve the facility's revised security plan included in the application. Commissioner Kramer seconded the motion, which carried unanimously.

Mr. Franz presented the following contracts for Commission approval:

- AJR Equities Inc. – Marketing and Promotional Merchandise
- Wired Productions – Entertainment Expenses

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by RCGR. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Missouri River Historical Development, Inc. (MRHD) and SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City (HRHC). Todd Moyer, General Manager, stated the facility employs 549 individuals, and had over 1.5 million visitors in 2016. Last year, salaries, wages and benefits totaled \$13.9 million; gaming taxes, payroll taxes and fees totaled \$20.2 million, \$3.7 million was distributed through charitable contributions, and another \$1.5 million in city and county contributions. He stated through their commitment to buy from Iowa companies, HRHC purchased over \$70 million in goods and services, representing more than 95% of their qualifying purchases. Mr. Moyer stated the property has had a significant impact on the quality of life in the region through the entertainment available at the facility. Since opening, the facility has held 470 shows or events, selling 220,000 tickets to individuals from all 50 states and eight different countries. The hotel has received, for the third year in a row, the Triple A 4-Diamond Award. Mr. Moyer stated he is very proud of HRHC's relationship with MRHD, and to be a part of the contributions and commitment to the ways in which the organization enhances life in the region. He introduced Mark Monson, President of MRHD.

Mr. Monson thanked the Commission for giving MRHD the opportunity to partner with HRHC. He stated every facility in the area features local bands; the Hard Rock provides a vehicle for those individuals to compete and possibly entertain at other Hard Rock facilities. Mr. Monson stated MRHD and HRHC have partnered to bring in Broadway shows; and to help the non-profit Sioux City Conservatory of Music, which helps challenged children. The Conservatory holds a concert every year in December; this year there were 175 children in the program. Mr. Monson advised MRHD pledged or granted about \$5.5 million, but only took in approximately \$3.5 million. The grants awarded were \$1.25 million to the trail system; \$1 million to the Ag Expo Center; and a grant process for another \$1 million for projects between \$25,000 and \$50,000. He stated the grants being distributed are double of what they were doing under the previous license.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to renew the license to conduct gambling games to Missouri River Historical Development, Inc. and renew the license to operate SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City as a gambling structure. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Scott County Regional Authority (SCRA) and Isle of Capri Bettendorf, L.C. (IOCB). Nancy Ballenger, General Manager, introduced John Nagle, Vice President of SCRA. She stated IOCB has a great relationship with SCRA, and they are great stewards of the funds they receive.

Mr. Nagle concurred with Ms. Ballenger regarding the relationship between SCRA and IOCB. He indicated IOCB invests in the community, and gives back to the community through their employees. He stated SCRA distributed 118 grants totaling \$3.1 million in 2016; since their inception the amount distributed through grants exceeds \$78 million. Some of the grants in 2016

were \$250,000 to St. Ambrose University for a health and fitness building; \$102,000 to the River Bend Food Bank; \$75,000 to Gabe's All-Inclusive Playground, a park for children with disabilities; \$76,000 to the Davenport Community School District for their STEAM project, which includes arts in the STEM program; and \$75,000 to the River Center for Performing Arts.

Ms. Ballenger stated 2016 was a transformational year for the Quad Cities market as they moved to a land-based facility by modernizing the entire complex. The casino is the centerpiece between the two hotels and opened on June 24th. The move has allowed them to provide a more convenient and comfortable experience to their guests. Ms. Ballenger stated since the opening, the Quad Cities market has grown by double digits, with the majority of the growth coming from out-of-state visitors. She indicated IOCB operates the largest hotel in Iowa with 509 rooms. Ms. Ballenger requested approval of the license renewal application on behalf of the 503 team members.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to Scott County Regional Authority and renew the license to operate Isle of Capri Bettendorf, L.C. as a gambling structure. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Regional Development Authority (RDA) and Rhythm City Casino, LLC (RC). Mo Hyder, General Manager, introduced Dana Wilkerson and Matt Mendenhall, the Vice Chair and new President of RDA respectively. He noted RC has an excellent working relationship with RDA and they have been a great partner. Mr. Hyder noted RC opened their new \$110 million facility at the intersection of I-74 and I-80. The move has provided a lot of visibility in the local area, and has helped draw additional visitors. He noted with the move, RC has been able to contribute more to the city of Davenport, Scott County, RDA and the State of Iowa. He turned the floor over to Ms. Wilkerson.

Ms. Wilkerson introduced Matt Mendenhall as the new President of RDA. Mr. Mendenhall stated he views the position as a tremendous privilege to be able to serve the community, and looks forward to learning what RDA does. He indicated he has worked in and around the non-profit sector for the past 15 years and has seen first-hand what the funds do in the community.

Ms. Wilkerson stated the RDA is excited to have Mr. Mendenhall join the board. She referenced the sudden death of their previous president, Randy Rathje. During his tenure, the Board started a new strategic plan, and will continue working on that this year. She stated RDA is thrilled with the new casino and community support received from the management team over the years. Ms. Wilkerson noted the organization officially changed their name from Riverboat Development Authority to Regional Development Authority. She stated RDA is very happy with the increase in funding due to the new casino and location; they have been able to double the amount of funds contributed to the community. She noted RDA celebrated 25 years and completed their 50th grant cycle. They have distributed over \$60 million to the community.

Mr. Hyder requested approval of the gaming license.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to Regional Development Authority, renew the license to operate Rhythm City, LLC as a gambling structure and approve the facility's revised security plan included in the application. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Dubuque Racing Association (DRA) and Diamond Jo, LLC d/b/a Diamond Jo Casino (DJ). Wendy Runde, General Manager, noted DJ's agreement with the DRA expires in December 2018, and stated a first round document has been drafted and shared with Q Casino. She advised discussions and negotiations have started. She introduced Brian Rakestraw, Assistant General Manager of DRA and Q Casino.

Mr. Rakestraw read a letter from Jesús Avilés, General Manager of Q Casino and President of DRA, which requested approval of the DJ gaming license. He stated the partnership between the DRA and DJ goes back to 1996 and has remained strong throughout the 21 years of operation. During this time, the DJ, through its various owners, has proven to be an excellent corporate citizen. The DJ has contributed over \$34 million to DRA, with over \$20 million coming during the Boyd Gaming ownership over the last eight years to assist in funding multiple not-for-profit organizations as well as many community and charitable organizations. Examples of organizations that have received grants through the DRA are: Arts, Culture and Recreation; Animal Welfare; Education; Civic and Community Projects; Emergency Services; Health and Human Services; Veterans; Police and Firefighters; the Community Foundation of Greater Dubuque; local and regional Chambers of Commerce; and the Greater Dubuque Development Corporation. This year DRA pledged over \$250,000 for the reconstruction of The Steeple Square, a \$14 million project, with the help of DJ and Q Casino. In addition to their contributions to the DRA, DJ contributes to many worthwhile and charitable organizations in the community. The letter noted the DJ team donates their time to many community events and activities throughout the greater Dubuque area that bring joy and hope to the recipients. The letter concluded by requesting approval of DJ's gaming license.

Ms. Runde requested renewal of the gaming license on behalf of the 450 team members.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to renew the license to conduct gambling games to Dubuque Racing Association, Ltd. and renew the license to operate Diamond Jo, LLC d/b/a Diamond Jo Casino as a gambling structure. Commissioner Kramer seconded the motion, which carried unanimously.

Ms. Runde presented a \$2 million dollar food and beverage construction proposal. There are four components to the project: transformation of the existing deli into a Subway; deconstruction and removal of the existing radio booth and promotional stage; relocation of the cards and dice storage room and transform the slot showcase area. With the removal of the deli area, the footprint of the exterior walls will not change, but back-of-house space will be stripped and reconfigured for new operations. Front-of-house space will be updated to conform to Subway standards. Ms. Runde stated they hope to find a new home for the radio booth, and the promotional stage will be relocated to the gaming floor. A new cards and dice secured storage

room will be located in the Mississippi Moon Bar, which will remain on the casino floor and retain all of the existing security components as the current room. Once the new location is completed, the existing cards and dice room will be demolished and transformed into back-of-house space to support the new restaurant. The current slot showcase area holds 60 machines; approximately one-half will be relocated to new locations on the gaming floor with the balance being retired. The existing space will be stripped of the current finishes and be transformed into a restaurant and bar. She had slides showing the current and post-construction layout of the areas impacted by the construction. Ms. Runde requested the Commission's approval to proceed with the project.

Hearing no comments or questions concerning the remodel project, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the request for the remodel. Commissioner Heinrich seconded the motion, which carried unanimously.

Ms. Runde presented the following contracts for Commission approval:

- Conlon Construction – Construction – Food and Beverage Remodel Project
- Lamar Advertising

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Kramer moved to approve the contracts as submitted by DJ. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on the Dubuque Racing Association, Ltd. (DRA). Mr. Rakestraw noted the Mystique Casino has re-branded and changed their name to Q Casino. He stated they would also be submitting plans to remodel their restaurants, entertainment facility and hotel in the amount of approximately \$2.7 million. Mr. Rakestraw proceeded to read another letter from Mr. Avilés. Mr. Avilés pointed out DRA is the only entity in Iowa and the gaming industry that is both an operator and qualified sponsoring organization. They have operated the facility un-interrupted since June 1985; first as a greyhound racing facility; then as a racing and slot park under Chapter 99D, and as a full-service casino under Chapter 99F since 2004.

The letter advised DRA has contributed hundreds of millions of dollars to the City and non-profit organizations from the handle and adjusted gross receipts of \$1.5 billion. They have paid out state and payroll taxes and benefits in excess of \$500 million since 1985. Over 400 non-profit organizations apply to DRA's grant programs every year in conjunction with their business partner, DJ. Dubuque Racing Association contributes \$300,000 to the economic development process in the community each year. Examples of organizations that have received grants through the DRA are: Arts, Culture and Recreation; Animal Welfare; Education; Civic and Community Projects; Emergency Services; Health and Human Services; Veterans; Police and Firefighters; the Community Foundation of Greater Dubuque; local and regional Chambers of Commerce; and the Greater Dubuque Development Corporation. He noted DRA's employee engagement programs contribute thousands of volunteer hours in self-driven initiatives that benefit the citizens, underprivileged and elderly each and every year.

Mr. Rakestraw requested approval of the DRA licenses.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to Dubuque Racing Association, Ltd., renew the license to operate Dubuque Racing Association, Ltd. as a gambling structure and approve the facility's revised security plan included in the application. Commissioner Lamberti seconded the motion which carried unanimously.

Mr. Rakestraw presented a contract with Lange Sign for internal and external signage for Commission approval.

Hearing no comments or questions concerning the contract, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the contract as submitted by DRA/Q Casino for Commission approval. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Lyon County Riverboat Foundation (LCRF) and Grand Falls Casino Resort, LLC (GFCR). Sharon Haselhoff, General Manager, introduced Gerry Stai, Vice President of LCRF, and stated they were before the Commission to request approval of the license renewal. She stated gaming revenue was over \$54.3 million for 2016. Ms. Haselhoff advised 2017 would also be exciting as renovations are planned for the hotel rooms. She stated since the facility opened, they have contributed over \$76.9 million in taxes and fees to the State; created over 500 jobs with an annual payroll in excess of \$15.1 million; and contributed over \$11.8 million to LCRF. Ms. Haselhoff advised the facility and LCRF have an excellent relationship. She turned the floor over to Mr. Stai.

Mr. Stai noted a group of individuals started meeting at the local Pizza Ranch in 2008 as they heard of the possibility of a casino coming to Lyon County. With the manner in which the proposal was presented, the referendum passed with a 63% approval. He stated LCRF has received approximately \$12 million to distribute to the non-profits and other organizations in Lyon County, with the evidence of those funds being visible throughout the county. Mr. Stai requested approval of their license for 2018.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to Lyon County Riverboat Foundation, Inc., renew the license to operate Grand Falls Casino Resort, LLC as a gambling structure, and approve the facility's revised security plan included in the application. Commissioner Kramer seconded the motion, which carried unanimously.

Ms. Haselhoff presented the following contracts for Commission approval:

- AJR Equities Inc. – Marketing and Promotional Goods Purchases
- Cintas Corporation – Employee Uniforms
- Rhythm City Casino – Shared Services: Goods and Services Allocation (RP)

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by GFCR. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Clarke County Development Corporation (CCDC) and HGI-Lakeside, LLC (Lakeside). Martin Auerbach, General Counsel for Z Capital/Affinity Gaming, advised the promises made previously have been kept. He noted he told the Commission at the January meeting the company was committed to striking a new relationship between Lakeside and CCDC. He stated the entities have entered into a new and better relationship.

Bob Thursby, General Manager, introduced Bill Trickey and Doug Gross, Executive Director and legal counsel respectively of CCDC. Mr. Gross stated CCDC is pleased with the working relationship that has been established with Z Capital to resolve ongoing issues on a permanent basis. He concurred with Mr. Auerbach's statement regarding the improved relationship between Lakeside and CCDC.

Mr. Trickey advised CCDC has 13 volunteer members, and the leadership is in attendance. He stated the casino has been a game changer in Clarke County. He noted the Board of Directors has a strong commitment to Clarke County and the welfare of Clarke County. He also expressed excitement about the new ownership.

Mr. Thursby requested approval of the license renewal.

Chair Arnold stated he is happy to see the improvements at the facility as he has received numerous complaints regarding the condition of the facility over the years. He asked if anything was being done about the quality of the food. Mr. Thursby advised a new executive chef has been hired and is already on site. There has been a rapid and dramatic improvement in the food.

Commissioner Heinrich noted the parties had promised to reach an agreement and he is happy to see they have done so.

Hearing no further comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to renew the license to conduct gambling games to Clarke County Development Corporation, renew the license to operate HGI-Lakeside, LLC as a moored barge and approve the facility's revised security plan included in the application. Commissioner Heinrich seconded the motion, which carried unanimously.

Mr. Thursby submitted a contract with Citizens Bank, NA for the issuance of incremental second lien debt per the existing credit agreement.

Hearing no comments or questions concerning the contract, Chair Arnold requested a motion. Commissioner Kramer moved to approve the contract as presented by Lakeside. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold moved to the approval of the following agreements submitted for Commission approval:

- Request for Approval of Operating Agreement
- Request for Approval of Casino Site Agreement
- Request for Approval of Lease Agreement
- Request for Approval of Release and Settlement Agreement

Commissioner Lamberti concurred with previous comments and expressed the Commission's appreciation for the parties getting the issues resolved. He moved to approve the Operating Agreement, Casino Site Agreement, Lease Agreement and Release and Settlement Agreement. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Southeast Iowa Regional Riverboat Commission (SIRRC) and Catfish Bend Casinos II, LLC (CBC). Rob Higgins, General Manager, introduced Dave Walker, Treasurer of SIRRC. Mr. Walker requested approval of their license for the upcoming year. He advised SIRRC has received \$1.334 million to be distributed in Lee and Des Moines County. He noted SIRRC is a pass-through organization; the funds are distributed to the cities of Burlington, Fort Madison and Keokuk for their distribution. He was informed by a Keokuk representative the majority of their funds are spent on their Convention and Visitors Tourism Bureau, as well as making significant improvements to the athletic facilities in the park. The City of Fort Madison has a board that accepts applications; their major project for the last year has been a sport complex for softball and soccer, which will be available for use this summer. Burlington's funds are sent to Grow Greater Burlington, the economic arm of the city. Funds were used for the mixed-use business park, and the renovation of the community college complex in West Burlington to build new classrooms. Mr. Walker stated none of the enhancements would be possible without the funds. He stated CBC is a great partner for SIRRC and a good corporate citizen. Mr. Walker requested renewal of the licenses for SIRRC and CBC.

Mr. Higgins stated Mr. Walker has been very instrumental in the growth of Burlington and many of the projects. He noted 2015 was an excellent year for the property with revenue growth of approximately 11%. He advised revenue has decreased between 2-3% this year but they are still pleased with how things are going. Mr. Higgins stated the property continues to grow with many projects under construction, namely a Panera Bread and Cold Stone Creamery. They will be also adding a new Hampton Inn and Resort, and have completed a new parking area in front of the facility. He stated CBC has a great relationship with SIRRC. He requested renewal of their license.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to Southeast Iowa Regional Riverboat Commission and renew the license to operate Catfish Bend Casinos II, LLC as a gambling structure. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Clinton County Development Association (CCDA) and Wild Rose Clinton, L.L.C (WRC). Steve Nauman, General Manager, stated they are very excited for 2017;

indicating they are a few weeks away from opening their dog and horse racing simulcast facility in the Coaches Corner. They will simulcast races from Prairie Meadows, Dubuque, and tracks from around the country. He requested renewal of their license. Mr. Nauman introduced Les Shields, Vice President of CCDA.

Mr. Shields noted CCDA was one of the earliest license holders in Iowa, and celebrated their 25th anniversary in June 2016. He stated they distribute over \$1 million each year to non-profits, municipal governments and schools in Clinton County and eastern Iowa. CCDA granted \$200,000 to the remodeling of the Eagle Point lodge which was built by the Work Progress administration and overlooks the Mississippi River at Lock and Dam 13. This project was spearheaded by the Rotary Club, which raised over \$1 million in private donations to complete the renovation. They also committed to provide \$500,000 over the next several years to replace the Mercy Hospital cancer treatment radiation facility. The total cost of this project will exceed \$1 million. Mr. Shields stated CCDA has an excellent working relationship with WRC, and recognized some of the management team at the corporate and property level. He requested approval of CCDA's license renewal.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to Clinton County Development Association and renew the license to operate Wild Rose Clinton, L.L.C. as a gambling structure. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Palo Alto County Gaming Development Corporation (PACGDC) and Wild Rose Emmetsburg, L.L.C (WRE). Steve Cody, acting General Manager, introduced Renee Jedlicka and Larry "Skip" Wallace, the current and past President of PACGDC. Ms. Jedlicka advised the organization has distributed \$15 million over ten years in Palo Alto County and the surrounding counties as requested by the Commission. They just distributed \$1.7 million this past weekend. Ms. Jedlicka advised PACGDC has worked with cities on a housing initiative, as well as a demolition initiative to try and encourage people to stay in the area; to demolish a house and then build or buy a new house. She stated the program has worked well for them. Ms. Jedlicka noted the facility is in transition regarding the general manager position; and PACGDC has transitioned board members as requested by the Commission; two original board members will be retiring.

Mr. Wallace advised PACGDC is not utilizing grant money for the housing initiative, but is utilizing reserve funds. He thanked Wild Rose Entertainment for the second renewal of their Operating Agreement for another three years.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to renew the license to conduct gambling games to Palo Alto County Gaming Development Corporation and renew the license to operate Wild Rose Emmetsburg, L.L.C. as a gambling structure. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Grow Greene County Gaming Corporation (GGCGC) and Wild Rose Jefferson, L.L.C. (WRJ). Travis Dvorak, General Manager, stated the property has only been

open 1½ years, but has given \$2 million to GGCGC. He noted that he has worked at all three Wild Rose properties; and all pay more than the minimum required to their respective qualifying sponsoring organizations. The facilities also contribute to their respective communities in other ways, such as the community center in Emmetsburg, and contributions to the hospital and Bell Tower renovations in Jefferson. Mr. Dvorak advised that management at all three properties have joined various community organizations. He introduced Craig Marquardt, Vice President of GGCGC.

Mr. Marquardt noted this is the first license renewal for GGCGC. He advised they are in the midst of their second grant cycle, and will be distributing approximately \$1.2 million on April 4th. He stated GGCGC will have distributed between \$2.2 and \$2.4 million in the first two grant cycles. Mr. Marquardt stated GGCGC has an excellent working relationship with Wild Rose at the corporate and local levels. He requested approval of the license renewal.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to Grow Greene County Gaming Corporation and renew the license to operate Wild Rose Jefferson, L.L.C. as a gambling structure. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Upper Mississippi Gaming Corporation (UMGC) and Isle of Capri Marquette, Inc. d/b/a Lady Luck Casino Marquette (IOCM). Don Ostert, General Manager, requested renewal of the license, noting the facility started its 23rd year of operation in December 2016, as well as the 23rd year of a successful partnership with UMGC. He introduced Sindee Gohde, Executive Director of UMGC.

Ms. Gohde thanked the Commission for all their suggestions in 2016, advising she was able to get all of the recommendations implemented. She noted UMGC receives significantly less than the other facilities from their operating agreement, but advised a new contract has been signed which will increase their funds. Ms. Gohde noted UMGC received an additional \$50,000 prior to their contract date; they will receive \$100,000 this year and next. She stated they will eventually reach the 3.25% as set forth in the agreement. She stated they are looking forward to what they can do in the future. Ms. Gohde stated the facility has a family-type atmosphere; and considers the team members as additional family members. She indicated UMGC has an excellent relationship with IOCM. Ms. Gohde stated she is looking forward to working with the Casino Queen management, and believes they have a lot of the same values. She requested approval of their license renewal.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to Upper Mississippi Gaming Corporation, renew the license to operate Isle of Capri Marquette, Inc. d/b/a Lady Luck Casino Marquette as an excursion boat that will not cruise and approve the facility's revised security plan included in the application. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on the Iowa West Racing Association d/b/a Horseshoe Council Bluffs (IOWRA/Horseshoe). Ms. Sternberg introduced Dave Grolman, Senior Vice President of Operations for William Hill. She advised Horseshoe has entered into a partnership with William Hill to add simulcasting to the gaming floor. They are partnering to build out a 2,697 square foot simulcast area on the west side of the casino floor. This will be a 60-seat venue, which will include 28 race carrels, 24 lounge chairs and 8 bar seats, a full-service bar, a video wall with sixteen 55" televisions to view the races from around the country and various sporting events. There will be full-service and self-service betting windows and simulcast wagering seven days a week. Ms. Sternberg advised the estimated construction costs for the project are \$500,000. She indicated they are ready to proceed with construction upon receipt of the Commission's approval and expect to be open in time for the Kentucky Derby.

Hearing no comments or questions concerning the construction of the simulcast facility, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the request for the remodel of the simulcast area. Commissioner Kramer seconded the motion, which carried unanimously.

Ms. Sternberg advised Horseshoe is looking to move their High Limit table games to an area right off the casino floor. Patrons currently have to go down a long hallway to reach the area. She noted there is some under-utilized space in front of their large buffet, which will be converted to the new High Limit space. It will be approximately 1,140 square feet with 5 black jack tables, a roulette table, and some seating around the outside. The new location will allow Horseshoe to offer food and beverages in the area. Ms. Sternberg advised they are ready to start this project upon receipt of the Commission's approval and have it completed by Memorial Day weekend. Construction costs are estimated to be \$415,000.

Hearing no comments or questions concerning the High Limit project, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the request to remodel the High Limit Table Game Room. Commissioner Heinrich seconded the motion, which carried unanimously.

Ms. Sternberg submitted a contract with Commonwealth Electric as an electrical vendor.

Hearing no comments or questions concerning the contract, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the contract as submitted. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on the Iowa Greyhound Association d/b/a Iowa Greyhound Park. Brian Carpenter, General Manager and Director of Racing, requested approval of the 45-day plan for the upcoming race season. He advised the 2017 schedule and purses are the same as 2016. This will be the 33rd season of live racing in Dubuque, and the third year under the Iowa Greyhound Association. Mr. Carpenter advised they have made some upgrades to the grandstand, and the Mutuel department has added more televisions. He stated they are looking forward to the new OTB location at Wild Rose Clinton. He advised the facility has purchased a grader to help the track maintenance staff with the banking of the turns to make the track safer for the greyhounds.

Hearing no comments or questions concerning the 45-day plan, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the Iowa Greyhound Association's 2017 Season Approval with the following conditions:

- The immediate written notification of any change in racing official positions.
- The completion of necessary IRGC licensing and DCI background checks of racing officials.
- The import and export contracts should continue to have the review and approval by staff to insure regulatory compliance.
- Continuous review of racetrack maintenance issues and monitoring of injuries in cooperation with IRGC representatives.
- Walk through by IRGC staff to ensure all equipment is in working order and the facility is ready to accept the greyhounds.
- Approved security plan by staff.

Commissioner Heinrich seconded the motion, which carried unanimously.

Mr. Carpenter presented the following contracts for Commission approval:

- United Healthcare – Health Insurance for Full-time Employees
- Roberts Communications – Equipment and Services for Sending Out Simulcast Signal for Live Races

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Kramer moved to approve the contracts as submitted by the Iowa Greyhound Association d/b/a Iowa Greyhound Park. Commissioner Lamberti seconded the motion, which carried unanimously.

Chair Arnold called on Prairie Meadows Racetrack & Casino, Inc. d/b/a Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, General Manager, presented the following contracts for Commission approval:

- American Teletimer Corp. – Purchase of Multi-Color LED Sports/News Ticker and Continued Use of Photo Finish/Timing Service
- Baker Electric – Electrical Contractor (RP)
- Bankers Trust Company – Banking Services and Credit Cards (RP)
- Bankers Trust Company – Line of Credit (RP)
- CenturyLink – Internet Service –Additional Capacity
- Midwest Ambulance Service of Iowa, Inc. – Ambulance and Emergency Medical Services

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the contracts as submitted by PMR&C. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold moved to the hearings before the Commission and called on Mr. Ohorilko. Mr. Ohorilko advised Commission staff and Diamond Jo Worth (DJW) have entered into a proposed Stipulated Agreement related to a violation of Iowa Code §99F.9(4) regarding underage gambling. He advised a minor entered the gaming floor unchallenged on November 4, 2016; was on the floor in excess of 30 minutes and gambled; therefore meeting all the criteria for a Commission referral. Mr. Ohorilko stated the minor did attempt to re-enter the gaming floor; however, that security officer did identify the individual as a minor. Shortly thereafter, the facility informed IRGC the minor had entered the gaming floor earlier that evening. He advised DJW has agreed to a penalty in the amount of \$20,000. He requested the Commission's approval of the proposed agreement.

Mr. Pang stated this is a very important topic for staff, and when he conducts second interviews for security team members one of issues they discuss is underage individuals gaining access to the gaming floor. He noted the facility did self-report the incident. Following the incident, staff was retrained and reminded that any individual appearing to be under the age of 35 is to be asked for identification.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the Stipulated Agreement with an administrative penalty of \$20,000. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the second hearing before the Commission. Mr. Ohorilko advised that Commission staff and Harvey's Iowa Management Co., Inc. have entered into a proposed Stipulated Agreement for a violation of Iowa Code §99F.4(22) relating to the state-wide self-exclusion process. He advised the individual completed the paperwork in 2010; they entered Harrah's on November 4, 2016 and won a jackpot of \$16,200.25. As part of the process, the facility did find the individual's name on the set off list, and withheld some money for that, but paid the remainder of the jackpot to the individual. Mr. Ohorilko advised Harrah's corporate staff discovered the error approximately 11 days later and self-reported the violation to the Commission. He noted Harrah's has made a payment of \$16,200.00 to the State's general fund consistent with statute. Mr. Ohorilko stated Harvey's Iowa Management Co., Inc. has agreed to the facts and agreed to pay an administrative penalty in the amount of \$3,000 - \$20,000 as set forth in the Commission's Resolution. He noted this is the first offense of this nature in the past 365 days for Harrah's.

Ms. Sternberg advised this was an interesting situation as they discovered their casino management system, which is generally foolproof, is not when someone changes their last name and moves from one state to another after signing up for the program. Due to the incident, she advised the facility has instituted some additional procedures for the Casino Services and cage teams. She noted any time they pay out a jackpot, they are required to obtain a social security number, which is entered for tax purposes only. Anytime an individual wins a jackpot and was not playing with a players card, the social security number will be run as another check to determine if the individual is on the self-exclusion list. Ms. Sternberg stated if this procedure had been in place, the name would have come up as being on the list. She advised the employees

who were involved in the incident have been disciplined. She stated the facility takes the incident seriously and will continue to monitor and self-report.

Commissioner Lamberti stated it was his understanding the name was caught in the set off list, and wondered if that was the new name. Ms. Sternberg answered in the affirmative. She advised the previous last name was Smith and did not flag on the date of birth either.

Hearing no further comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the Stipulated Agreement with an administrative penalty of \$3,000. Commissioner Kramer seconded the motion, which carried unanimously.

As there was no public comment, Chair Arnold moved to Administrative Business and called on Mr. Ohorilko. Mr. Ohorilko advised the year-end economic impact reports are unaudited numbers the Commission receives from each of the properties. The reports indicate the facilities had a total economic impact in excess of \$1.2 billion in calendar year 2016. When gaming equipment and necessary or specialized purchases are excluded, the total spend with Iowa vendors was 93.4%. The following properties made over 95% of their purchases with Iowa companies: Catfish Bend, Diamond Jo Casino, Diamond Jo Worth; Grand Falls Casino, Hard Rock Hotel and Casino; Harrah's; Mystique; Riverside; Wild Rose Clinton, Wild Rose Jefferson, Horseshoe and Prairie Meadows.

Mr. Ehrecke distributed a handout showing the gaming industry's economic impact through competitive wages and benefits; the Buy Iowa First program, charitable contributions, and gaming tax revenue.

Mr. Ohorilko provided notice of the Horse Promotion Fund, advising there is \$1,771.05 available for distribution. Organizations interested in applying for the funds must have their application in the Commission office by 3:30 PM on April 3rd.

Mr. Ohorilko advised the total amount of revenue allocated for 2017 racing purses for the three breeds are based on 2016 numbers at PMR&C. For 2017, the total required purse amounts for the thoroughbreds will be \$14,500,884.97; quarter horses - \$2,909,717.05; and Standardbreds – 1,669,509.78.

Hearing no further business to come before the Commission, Chair Arnold requested a motion to adjourn. Commissioner Lamberti so moved. Commissioner Kramer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK